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## Viewing cable 07BUENOSAIRE1776, ARGENTINE-URUGUAYAN PULP MILL DISPUTE: FINNISH

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g.

**#07BUENOSAIRE1776.**

Reference ID	Created	Released	Classification	Origin
<a href="#">07BUENOSAIRE1776</a>	<a href="#">2007-09-06 19:28</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Buenos Aires</a>

Appears in these articles:

<http://www.lanacion.com.ar/1360470-cuatro-paises-denunciaron-corrupcion-en-el-gobierno>

VZCZCXYZ0015  
RR RUEHWEB

DE RUEHBU #1776/01 2491928  
ZNY CCCCC ZZH  
R 061928Z SEP 07  
FM AMEMBASSY BUENOS AIRES  
TO RUEHC/SECSTATE WASHDC 9160  
INFO RUEHAC/AMEMBASSY ASUNCION 6533  
RUEHBO/AMEMBASSY BOGOTA 1627  
RUEHCV/AMEMBASSY CARACAS 1469  
RUEHPE/AMEMBASSY LIMA 2147  
RUEHME/AMEMBASSY MEXICO 1435  
RUEHOT/AMEMBASSY OTTAWA 0545  
RUEHFR/AMEMBASSY PARIS 1318  
RUEHQT/AMEMBASSY QUITO 0993  
RUEHSG/AMEMBASSY SANTIAGO 0753  
RUEHHE/AMEMBASSY HELSINKI 0050  
RUEHBR/AMEMBASSY BRASILIA 6392  
RUEHMN/AMEMBASSY MONTEVIDEO 6725  
RUEHEG/AMEMBASSY CAIRO 0027  
RUEHMD/AMEMBASSY MADRID 1894  
RUEHLP/AMEMBASSY LA PAZ SEP WASHINGTON DC  
RUEHC/DEPT OF LABOR WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC

RHMFSS/HQ USSOUTHCOM MIAMI FL  
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL

C O N F I D E N T I A L BUENOS AIRES 001776

SIPDIS

SIPDIS

PASS NSC FOR MICHAEL SMART

PASS FED BOARD OF GOVERNORS FOR PATRICE ROBITAILLE

PASS USTR FOR KATHERINE DUCKWORTH AND MARY SULLIVAN

TREASURY FOR ROSELLEN ALBANO

USDOC FOR 4322/ITA/MAC/OLAC/PEACHER

US SOUTHCOM FOR POLAD

OES FOR LAWRENCE SPERLING

EX-IM BANK FOR MICHEE WILKINS

OPIC FOR GEORGE SCHULTZ AND RUTH ANN NICASTRI

USDOC FOR ALEXANDER PEACHER AND JOHN ANDERSEN

USCINCSO FOR POLAD

E.O. 12958: DECL: 09/05/2017

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SUBJECT: ARGENTINE-URUGUAYAN PULP MILL DISPUTE: FINNISH

EMBASSY OFFICIAL DISCOUNTS POSSIBILITY OF SERIOUS VIOLENCE

REF: BUENOS AIRES 01707

Classified By: DCM Tom Kelly, Reasons 1.5 (b,d)

11. (C) SUMMARY: The Finnish Embassy believes that despite the bilateral frictions that the Argentina-Uruguay pulp mill dispute has created, the mill project will open as scheduled in October with a minimal possibility of violence. The Embassy discounts as spurious Argentine environmental activists' complaints, saying that both federal and provincial governments have politicized the protest movement and resisted any attempts at dialogue with Botnia. President Kirchner has failed to see how "damaging" his actions have been to Argentina's own international investment image. The Embassy praised the King of Spain's mediation effort, but said this effort, as well as the GOA-GOU International Court of Justice case, are "going nowhere." The Embassy said that the Government of Uruguay (GOU) has been "terribly

disappointed"" with Brazil and Mercosur for its lack of support in the dispute, which has in turn forced the GOU to consider building ties outside the trade bloc. The Embassy said this dispute is ""vastly more important"" for Uruguay than it is for Argentina. The Embassy said Botnia chose Uruguay over Argentina for this pulp mill due to the former's more salutary environment with respect to anti-corruption laws, rule of law, and forestry management. END SUMMARY.

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Pulp mill ""perfectly safe""  
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12. (C) EconOff met Ms. Petra Theman, Charge of the Finnish Embassy, on August 23 to discuss the Finnish-based Botnia's pulp mill project in Uruguay (reftel). The Finnish Embassy in Buenos Aires is also accredited to Uruguay. Ms. Theman has been in Argentina for over a year, and appears to be very knowledgeable about the pulp mill issue. She described the long and conflict-ridden history of this project. While neither her Government nor Embassy has any direct role in this Finnish private sector project, it has at times been drawn into the debate, and provided general advocacy for the project.

13. (C) Theman said that the GOA, media and analysts have long known ""perfectly well"" that the GOA and Gualaguaychu activists have ""no case"" on the environmental merits. She said that it is well known that the Botnia technology is safe, and uses the most advanced technology. Theman said her Embassy had been in contact with Greenpeace and other environmental NGOs throughout this conflict, and they had all long ago dissociated themselves from the Gualaguaychu protests, recognizing early on the mostly political nature of their cause. She said that this particular pulp mill technology has not been an issue for Greenpeace for a long time. She said that Finland itself has a dozen or so mills exactly the same as this one in Uruguay.

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Mediation ""still going nowhere""  
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14. (C) Theman said that the International Court of Justice case between the GOA and GOU might last several more months or longer, as it decides on the central issue of whether the GOU violated the 1975 Treaty of the Rio Uruguay (joint oversight of the river). She said the GOU and GOA were submitting reports and counter-reports to the ICJ, and this could take time. She said that, unfortunately, neither side ever did exchange any actual physical note agreeing to allow the pulp mill. The leaders did verbally agree to allow it to move forward, but other than ""some speeches"" to this effect, there were nothing more concrete, which was ""a slight problem for the (GOU)."" She said that the King of Spain's mediation effort has also seen ""little progress,"" although she praised the Spaniards for their ""great job."" She understood that the King of Spain has high hopes to be able to announce something concrete during the November Ibero-American summit in Chile.

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""Fifteen minutes of fame"" for ""uneducated"" protesters  
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15. (C) Ms. Theman said she had visited Gualaguaychu, Argentina, and Fray Bentos, Uruguay many times, and appeared to know these communities well. Theman said that many Gualaguaychu activists liked to portray their town as kind of ""environmental haven, but in fact it is a big polluter."" She said that like many small Argentine towns in the interior, it in fact has big pollution problems: factory air and water pollution, solid waste, and the community's wastewater goes untreated directly into the Rio Uruguay itself. She said that Botnia has for years attempted to inform and include the Gualaguaychu community in the project: invitations to visit

Finland and its (identical) pulp mills there, invitations to attend community information sessions, and many press and information notices to local newspapers to counter the "totally false propaganda." However, all such advances have been rejected. She said that Entre Rios Governor Jorge Busti threatened to cut off all official advertising to newspapers carrying any "pro-Botnia" advertisements. She said that, in fact, the very few Argentines who do attempt to learn more about the Botnia issue, or even express neutrality, are "cut off" from the community, and have even been threatened. She said that one journalist who did take up the Botnia offer to visit Finland returned with a more "open mind," but was also shunned. She said that another frustration for Botnia is that, and contrary to what most Argentines think, Gualaguaychu is actually around 18 miles away from the River Uruguay, and even the small tourist beach area with which it is associated is six miles away from a site across the river from the Botnia plant. Theman said that the "educational level" of many of the most vocal protesters did not seem too high, and that for some, the protest was an "interesting wagon to ride on," and an opportunity for their "15 minutes of fame."

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Entre Rios Province and GOA's "unhelpful" roles  
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16. (C) Theman explained that, as Gualaguaychu has traditionally been Radical Party territory, the decision by Peronist Governor Busti to joining the cause was an "opportunity to co-opt this group". Now, he "is more or less stuck with the role." Theman also said that Busti has had good relations with the Kirchners, was an early supporter of then-Governor Nestor Kirchner's 2003 presidential bid, and has also helped Mrs. Kirchner financially in her own presidential campaign. This close relationship has contributed to the GOA's own support of this cause.

17. (C) Theman said that her Embassy and its contacts are certain that the GOA, among other groups, has financed the protesters, and she indicated that these otherwise "marginal" protesters had no other means of support. She said that the GOA has not been at all helpful during this near two-year ordeal. The Finnish Embassy and Botnia's main interlocutor at the MFA was initially the "very difficult" MFA Environmental Affairs official, Raul Estrada Oyuela. (Post has also found Estrada Oyuela to be recalcitrant and officious.) Theman said that Estrada Oyuela was "totally on the side" of the protesters, and always resisted Finnish attempts to talk or exchange views. Theman said that there is wide agreement in the Argentine scientific community, and even in the GOA scientific community, that there is no environmental danger from the pulp mill, but the GOA forced its own experts to keep quiet. Theman actually marveled at the level of expertise among the Argentine environmental community, in and outside government, but said it was "a pity" that they could not speak out. She also noted how, for the GOA, this dispute was a great natural fit in the GOA populist "blame game" campaign against outside interests: to blame "multinationals" for treating Argentina as a "waste dump."

18. (C) Speaking more generally about Argentina citizens' propensity for conflict, Theman cited the "remarkably low trust" that residents of Gualaguaychu, and Argentines in general, have towards their own government, businesses, and institutions. She said that a big contributor to this conflict has been citizens' own lack of confidence and trust in their own institutions, politics, politicians, international organizations, and multinational corporations. Thus, "it was only natural to have little faith in Botnia." She said that perhaps the only institutions that enjoy a modicum of trust or respect in Argentina are the Catholic Church and universities.

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Uruguay ""terribly disappointed"" with GOA, Brazil, Mercosur

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19. (C) As non-resident diplomats, Theman and her ambassador visit Uruguay fairly often, and her ambassador has met with President Vazquez and senior GOU officials. She said that the GOU has been ""terribly disappointed"" by the GOA, Lula/Brazil and Mercosur, for its lack of action or support. She said, partly as a result of this ""betrayal,"" the GOU, including Vazquez, has mentioned its interest in reducing its Mercosur ties, opening up more to the world in the ""Chile fashion"" (i.e., opening much more to the rest of the world, albeit with a foot still in Mercosur). She said that Brazilian President Lula will have a state visit in Finland in the coming weeks, and Botnia will surely be on the agenda.

Theman said that, although it is widely assumed that Kirchner has his hands tied in opposition to the mill, it was actually GOU President Vazquez who really had his hands tied, given the ""extremely fragile"" leftist Frente government, and that Vazquez ""cannot go too far left or right to maneuver."" She also said that there is ""universal"" support all over Uruguay for this project, and that the issue is ""vastly"" more important in Uruguay than it is here. She agreed with our assessment that, media coverage notwithstanding, this is virtually a non-issue for 98% of Argentines.

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Beefed up security for Finnish Embassy and staff residences

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10. (C) In response to a question if the Embassy or staff felt threatened, Theman expressed a general sense of satisfaction with security and that her Embassy staff thought there was ""nothing to worry about."" But as a ""precaution,"" the Finnish Embassy had increased security at the Embassy (a fifth floor office in a downtown high-rise) and at the residences of the Ambassador and the Mission's three-member staff.

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Damage to Argentina's investment climate  
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¶11. (C) Theman said that Kirchner, perhaps due to his  
"provincial background," did not seem to grasp, in this  
"globalized world of instant communications," just how  
damaging the GOA's stance has been for Argentina's own global  
investment perception. She said that GOU officials from  
President Vazquez on down know all too well that they could  
never have undone this project (which they inherited from  
the previous GOU administration). If they had canceled the  
project, she said, it would have been a "monumental disaster"  
for their future investment prospects. Theman said that many  
potential Argentine sub-contractors and suppliers had lost  
out on opportunities, many out of fear of reprisal from  
Argentines. Many other Argentine sub-contractors had already  
lined up work, but had to cancel in the face of this  
pressure.

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Why Uruguay?  
  
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¶12. (C) Theman discussed some of the reasons that Botnia  
chose Uruguay for its site in the first place. She noted  
that Argentina, and in particular, Governor Busti's own Entre  
Rios Province, had itself courted pulp mills for its  
territory. Theman mentioned the widely-cited high levels of  
corruption in Entre Rios province and Argentina as a whole,  
compared to the much lower levels in Uruguay. Theman also  
cited several other important reasons that Uruguay was chosen  
for the pulp mill project: a better  
tree-growing climate and soil, rule of law, and relatively  
skilled workers. She particularly highlighted what she said



were the GOU's ""model, advanced"" forestry legislation,  
management and long term planning.

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Recent industrial accident at Botnia  
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¶13. (C) As mentioned in reftel, on August 14, there was a highly publicized leak of a mixture of sodium sulphide at the Botnia plant. A small amount of this chemical, a material with which Botnia employees routinely work, was accidentally released in the air during a period of high wind. According to a Botnia press release, two workers downwind showed skin, eye and upper respiratory symptoms, but according to medical professionals, there were no major clinical symptoms. Nonetheless, this incident prompted more GOA and activists' complaints. Theman said that a group of Brazilian subcontractors, in violation of procedures, transported a bag of sodium sulphide during high winds, and it spread about 12 meters around.

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Next steps: face-saving deal in the works?  
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¶14. (C) Speaking of the likely October mill opening - ""right at the same time as the presidential elections!"" - Theman largely downplayed any possibility of major violence. She said that everyone to whom she speaks on this matter also dismisses the chance of violence. However, she would not rule out the possibility of ""a lone person or small group doing something,"" like disrupting a shipment to or from the plant, along the River Uruguay. She hoped that during the late October-through-early December 10 GOA presidential transition, there might be a face-saving solution, but did not hold out a lot of hope for this. Theman said that one possible deal that she had heard about was that, in exchange for the GOU and Botnia delaying the mill's opening, the GOA would withdraw its ICJ complaint. But Theman herself did not

give this theory too much weight. She said that that what might likely occur is just more blockades and protests, which would gradually taper off as the project goes on line and "people slowly start to see that there really is no major environmental problem to the mill." Theman was not sure if there were even any GOA-GOU talks going on at all. She noted

that GOA Chief of Staff Alberto Fernandez and GOU Secretary of the Presidency (Chief of Staff) Gonzalo Fernandez were three-decade-old friends from the University of Buenos Aires, and assumed that they're in touch on this pulp mill issue as well. (These two reportedly met in person last week in Uruguay, but no reports have surfaced on the content of their discussion.)

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Comment

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15. (C) Most, if not all, of Theman's comments track closely with Embassy's own reading of events. The conflict has always been mostly about politics rather than the environment. The coming weeks will be a sensitive time, with the opening of the mill roughly coinciding with the GOA's October 25 presidential election. Post will continue to monitor this case, especially for any indication of violence.  
WAYNE

=====CABLE ENDS=====